

Seeking the peace of the city”



# Hope Christian Community Foundation

## *Donor Advised Fund vs. Private Foundation*

- No cost to establish
- No annual distribution requirements
- No excise tax on income
- Maximum tax advantage
- We do all paperwork
- Anonymity possible
- Costly to establish
- 5% annual distribution is required
- Excise tax of 2%
- Tax treatment not as favorable
- Annual IRS tax filing
- Tax filing & donors are public record

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## *Donor Advised Fund vs. Private Foundation*

1. Ease of set up & lower initial costs.  
You can set up a DAF in as little as a day and at no costs. With a private foundation, you must incorporate, and then apply for IRS approval to attain tax-exempt status and accrue considerable expense.
2. Greater tax deduction for cash gifts.  
When you have a DAF, up to 50% of adjusted gross income (AGI) can be deducted, versus 30% or less of AGI with a private foundation.
3. Greater tax deduction for gifts of publicly traded stock.  
When you have a DAF, up to 30% of adjusted gross income (AGI) can be deducted, versus 20% or less of AGI with a private foundation.
4. Greater tax deduction for gifts of closely held stock or other non-liquid assets.  
You can take a deduction at fair market value when you have a DAF, whereas your deduction is generally limited to a cost basis when you have a private foundation.
5. Greater anonymity.  
Grants made from your DAF can be made anonymously. Grants made from your private foundation typically identify your foundation as the source. And annual tax returns filed for private foundations are open for public viewing.
6. Lighter administrative burden & lower on-going cost.  
When you open a DAF, HCCF coordinates all administration, distribution (grant-making), investment management and record keeping. When you operate a private foundation, you're responsible for managing assets, balancing books, keeping records and preparing tax returns.
7. No excise taxes.  
A DAF requires no excise tax. A private foundation requires you to pay up to 2% excise tax on investment income each year, and places restrictions on self dealing.
8. More flexible distribution requirements.  
With a DAF, there's no minimum distribution (grant-making) requirements. With a private foundation, you must distribute at least 5% of your fund annually.
9. HCCF helps you verify charities' tax-exempt status.  
HCCF verifies the tax-exempt status of all charities receiving grants from your DAF. With a private foundation, verification is up to you.
10. Greater privacy.  
Your DAF is confidential. With a private foundation, all contributions and distributions are public record.
11. No annual reporting requirements.  
With a DAF, no annual reporting is required. With a private foundation, you must file an Annual 990-PF with the IRS.